REGIONAL OPERATIONS CENTER INVESTIGATING COMMITTEE

DECEMBER 18, 2014

Overview of Selected Documents

Fred Biesecker, General Counsel

PURPOSES OF ROC COMMITTEE INVESTIGATION

- 1. To examine why DPS entered into an allegedly unfavorable long-term lease and other agreements relating to the ROC.
- 2. To determine whether the information provided by DPS to the Council Committee in April 2011 was complete and accurate.
- 3. To determine whether the City has entered into other leases with similar unfavorable terms.
- 4. To investigate whether the City made other formal or informal commitments relating to the ROC lease that have not been publicly disclosed.

LESSONS LEARNED AND QUESTIONS GOING FORWARD

- 1. Has the city clearly defined the scope and estimated cost of the project?
- 2. Has the city clearly identified a stable and sustainable funding source for the project?
- 3. Are the city's assumed cost savings and revenue projections objectively realistic?
- 4. What criteria should the city use in selecting a preferred site and preferred developer?
- 5. Is the city's desire to close a deal affecting its judgment on whether the proposed deal is a good one for taxpayers?
- 6. How will the city monitor and control the costs and quality of the design and construction?
- 7. Is the city relying too heavily on consultants and developers whose incentive is to get a deal done, regardless of whether it is a good deal for the taxpayers?
- 8. Does the decision-making team include people from outside the department or agency that is advocating for the project?
- 9. Is the city withholding crucial information from the Council and the public?
- 10. Should there be a multi-agency space allocation committee and a joint process and policy document governing the review and approval of leases and other long-term financial commitments?

From: Benjamin Hunter

To: Frank Straub and Gary Coons

Sent: Friday, March 19, 2010

"Frank, Gary,

Here is a draft letter that Alex would like for me and others to officially send you. He has indicated to me by phone, he would work with the city in making such a facility happen on the eastside.

As an eastside councilor, and having this directly in my district, I am happy to support his efforts. I do understand the city has to look for the best deal for taxpayers and operations for public safety.

Best of luck in your efforts, and let me know how I can support the mission of a new facility regardless of location if this is not feasable.

Thanks,

Ben"

3/20/10 EXCERPTS

From: Frank Straub

To: Gary Coons

Cc: Caroline Requiz Smith Sent: Sat., March 20, 2010

"I looked @ a circuit city building – 3670 Moller Rd. 38,000 sq ft. Probation needs 12,000 sq ft. We could have the rest. I think it is worth looking @ for potential EOC they are talking abt 3.00 a sq ft. Building is in very good shape – big box w/loading docks – plenty of parking. Drove by eastgate – I am a visionary – I though it was horrible. It will be a long time before they get that much space to look good. I can get you into the above location if you are interested."

From: Gary Coons
To: Frank Straub

Sent: Sat., March 20, 2010

"Very interested. I still trying to find out connection, politically, with the guy from East gate. I received emails and calls from Tom John (chairman of the elephant party in Marion County), of course Councilor Hunter, and Senator Merritt about East Gate. However, all 3 stated they would support whatever was best for Public Safety. Sen Merritt thought it was a good idea, but did not want to sound like he is pressuring us there. I think 3.00 sq/ft fits more in line with our budget. "

3/20/10 EXCERPTS CONTINUED

From: Frank Straub

To: Gary Coons

Sent: Sat., March 20, 2010

"The problem I see re: eastgate is significant construction costs to get us where we need to be and then a large portion of the complex that still looks horrible. What are they talkong abt in price per sq ft?"

From: Gary Coons To: Frank Straub

Sent: Sat., March 20, 2010

"He has stated to them that he will do whatever he can to make it work. My issue is more with, how long it will take. Not just building out project, but the parking lot, outside and etc. at East Gate."

http://indianapolis.granicus.com/MediaPlayer.php?view id=3&clip id=11321 (15:16-16:30)

MAYES/ABBE: 5/7/2010

From: Jonathan Mayes To: Abbe Hohmann

Cc: Gary Coons

Sent: Thu, May 6, 2010

"Abbe,

We'd like your representation in the City's Department of Public Safety's negotiations with the current landlord of the Eastgate Mall. We need to have approximately 6,500 sq. ft. built out there, and we would like your help in negotiating to see what we can do. I've copied our administrator of the Emergency Management Agency (soon to be renamed Division of Homeland Security). I suggest the three of us sit down and discuss. What is everyone's availability Monday afternoon?

Thanks,

Jon"

From: Abbe Hohmann To: Jonathan Mayes

Cc: Gary Coons

Sent: Fri, May 7, 2010

"Thanks for the email, Jon. A couple of questions. Does Public Safety already lease the space and now wants to add tenant improvements? And, what type of build-out....office, warehouse? Are there already demising walls for 6500sf?"

MAYES/ABBE: 5/7/2010 CONTINUED

From: Jonathan Mayes To: Abbe Hohmann

Cc: Gary Coons

Sent: Thu, May 6, 2010

"Abbe,

No, the City does not lease space now, and yes, there will be TI. It will be an emergency operation center (secure and formidable office space), and Gary will have more details on the specs. Currently Eastgate has no walls up, and we will be adding them. Our preliminary discussions with Alex Carroll, the landlord, puts our costs at approximately \$15/sq ft. not including utilities.

How does Monday morning, Tuesday afternoon (except 2:30-4pm), Wednesday morning at 10 am, or Wednesday afternoon look?

Jon"

INDIANAPOLIS BUSINESS JOURNAL AUGUST 7, 2010

Emergency Ops

"The new Emergency Operations Center is scheduled to be up and running by next summer. The 6,500 square-foot center in the former Eastgate Consumer Mall will bring together special operations units from both the police and fire departments, including SWAT and K9, along with the public health and emergency preparedness functions, and branches of the FBI and ATF.

The city plans to lease the space, part of a long-vacant J.C. Penney store, for about \$12 per square foot including the cost of the buildout, said Straub, who expects to sign off on the plans this month. The department is applying for FEMA grants aimed at improving disaster preparedness in major metropolitan areas."

10/19/10 MAYES E-MAIL

From: Jonathan Mayes

To: acarroll@lifelinedatacenters.com Sent: Tuesday, October 19, 2010

"Alex,

Things are moving too slowly with this Eastgate project, so I'm jumping back in. We have a schematic design of a layout, and Gary Coons, Bruce Baun (a project manager with the City) and I would like to discuss this with you. Our thought is to use your engineer and architect, as the buildout is fairly simple, and if the City did the work, the bidding process would take too long. We can then get cost estimates from your people, and then you and I can lock down the lease.

We'd like to discuss this with you this Friday morning at 11 am at the DPS offices. Are you available then? If not, do you have time Friday afternoon?

Thanks,

Jon"

DRAFT COUNCIL RESOLUTION

From: Jonathan Mayes

To: Ben Hunter Cc: Carolin Requiz

Sent: Friday, November 5, 2010

"Councilor Hunter,

We plan to file a resolution with the Council today to approve the lease at Eastgate for the new EOC Would you be willing to sponsor?

Thanks,

Jon"

CITY-COUNTY SPECIAL RESOLUTION NO. _____, 2010 PROPOSAL NO. ____, 2010

PROPOSAL FOR A SPECIAL RESOLUTION determining the need to lease approximately thirty thousand and four hundred (30,400) square feet of space at 401 N. Shadeland Ave., Indianapolis, Indiana, for use by the Department of Public Safety, Division of Homeland Security.

BE IT RESOLVED BY THE CITY-COUNTY COUNCIL OF THE CITY OF INDIANAPOLIS AND OF MARION COUNTY, INDIANA:

SECTION 1. The City-County Council, pursuant to IC 36-1-10-7, has investigated the conditions requiring the subject lease and hereby determines that the lease of approximately thirty thousand and four hundred (30,400) square feet of space for use by the Department of Public Safety, Division of Homeland Security, is needed.

SECTION 2. The property to be leased is located at 401 N. Shadeland Ave., Indianapolis, Indiana. Such property is owned by Live Wire Technologies, LLC.

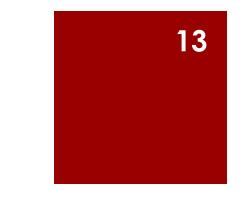
SECTION 3. This resolution shall be in full force and effect upon adoption and compliance with IC 36-3-4-14.

TAX ABATEMENT

From: Ryan Hunt To: Jonathan Mayes Cc: Jennifer Fultz

Sent: Friday, December 10, 2010

"Jon,



Regarding the abatement, LiveWire Technologies was granted a five year real property tax abatement in 2008, which required them to spend \$6 million on renovations through the end of 2010. Based on that investment, we calculated that they would receive tax savings of \$241,200 over the five years."

From: Jonathan Mayes

To: Ryan Hunt

Sent: Friday, December 10, 2010

"Thanks Ryan for your quick response! Have they satisfied the \$6 million renovations requirement yet? Thx JM."

From: Ryan Hunt To: Jonathan Mayes

Sent: Friday, December 10, 2010

"Jon, we conduct an annual survey of all properties receiving abatement, as of 2009, they have invested \$5 million."

From:

Straub, Frank G.

Sent: To: Thursday, December 16, 2010 2:49 PM

To: Subject: Cotterill, Chris Re: EOC/Eastgate

Ok.

From: Cotterill, Chris

Sent: Thursday, December 16, 2010 02:47 PM

To: Straub, Frank G. Cc: Requiz, Carolin

Subject: RE: EOC/Eastgate

Let's hold on discussions of alternative locations until Mayor is fully briefed on these facts by you. With the facts he has at the moment, he will not support alternatives and was caught off guard by this. I understand the FBI indictment is probably big problem—and I expect the Mayor will understand that's a big problem. As for rent, I assume that's always negotiable. I'll let him know that you'll discuss with him tomorrow at your briefing and will hold on further efforts pending his direction. Thx.

From: Straub, Frank G.

Sent: Thursday, December 16, 2010 2:32 PM

To: Cotterill, Chris Cc: Requiz, Carolin

Subject: Re: EOC/Eastgate

Unfortunately, it is not a rumor. Two issues - one of the owners is under FBI investigation/indictment. The FBI cannot move into or be in the space because of the indictment. Second the owner has raised the lease per square foot rate by \$5-6. When you look @ 30,000 - 40,000 sq ft that is a lot of money per month. We are looking @ alternative locations. One is in Jeff Cardwell's area.

From: Cotterill, Chris

Sent: Thursday, December 16, 2010 02:23 PM

To: Straub, Frank G. Subject: EOC/Eastgate

Mayor heard rumor EOC won't be at Eastgate. Just writing to confirm there's no change in planning. Mayor wants it at Eastgate. Let me know if any truth to rumor so we can discuss. Otherwise, I'll just confirm to him that it's a baseless rumor.... THX, CWC

EASTGATE PROPOSAL ANALYSIS

(1/10/2011)

Cost Analysis

Current Character 3 Budgeted for Phase I & II Leases	\$ 772,448.00
Current Charater 3 Budgeted for Utilities	68,752.34
Total Character 3 Budget for Eastgate	\$ 841,200.34
Festests Associate 6 at the con-	
Eastgate Annual Lease for Phase I & II Main Floor (\$8.00/sq. ft.)	\$ 1,270,329.23
Eastgate Annual Lease for Phase I & II Finished Basement (\$8.00/sq. ft.)	32,000.00
Eastgate Annual Lease for Garage (\$5.50/sq. ft.)	\$ 275,000.00
Eastgate Annual Lease for Unfinished Basement (\$2/sq. ft.)	10,000.00
Estimated Phase I & II Utilities (est. \$2/sq. ft.)	417,582.31
Total Eastgate Annual Costs for Phase I & II	\$ 2,004,911.54
Net (Increase)/Decrease in Character 3 Budget	\$ (1,163,711.20)

Biesecker, Fred R.

From: Straub, Frank G.

Sent: Friday, January 14, 2011 5:41 PM

To: Coons, Gary
Cc: Requiz, Carolin

Subject: Re: EOC

Sounds positive. Let's see what happens. Seems that eastgate is not going to happen

From: Coons, Gary

Sent: Friday, January 14, 2011 05:39 PM

To: Straub, Frank G. Cc: Requiz, Carolin Subject: Re: EOC

Plus the FBI would like to lease 10,000sq ft, if possible, for storage.

From: Mayes, Jonathan

Sent: Friday, January 14, 2011 05:28 PM

To: Straub, Frank G.

Cc: Requiz, Carolin; Coons, Gary; Michalak, Thomas J.

Subject: EOC

Sir,

Here's follow up on where we stand:

- <u>Eastgate</u>: Deron has heard nothing from Alex Carroll on his end. From our end, it's a financial issue we can't solve ourselves.
- 8115 E. Washington St.:
 - a. We visited this with the FBI and they are on board. They also said they would be interested in moving approximately 10,000 sq. ft. in storage to this site.
 - b. I previously though the landlord said we could take the entire building (except the traffic court) and have 105,000 sq. ft., but that number is actually 150,000 sq. ft. With this new number (150,000 sq. ft.), I performed the attached analysis.
 - c. With this new site leased at \$8/sq. ft. for office space and \$3.50/sq. ft. for storage and garage space, we are at a \$300,000 deficit in our Character 3, and it would have us moving all CCB offices out there.
 - d. I am meeting with the landlord's architects, space planners and engineers on Wednesday (Jan. 19) morning in the DPS conference room. Once they have a better sense of the tenant improvements, then they could have a grasp of what the rent costs will be above the \$3.50 base that includes utilities. The Traffic Court space cost \$12/sq. ft., but that had over 50 offices, and much of our space will be garage and storage. Consolidating our CCB space may also provide an opportunity for savings in Character 1 with civilian employees.

Please let me know if you have any questions.

From: Sent: Straub, Frank G.

Wednesday, February 02, 2011 1:28 PM

To: Subject: Cotterill, Chris Re: EOC

No issues. Thank you. We'll keep pushing for eastgate. We are also exploring a location in the same general are - E. Washington. Same complex as where traffic court moved as an alternative. I will keep you posted

From: Cotterill, Chris

Sent: Wednesday, February 02, 2011 01:23 PM

To: Straub, Frank G. Subject: Re: EOC

I'm very sorry Frank, Take care.

On Feb 2, 2011, at 1:08 PM, "Straub, Frank G." <Frank.Straub@indy.gov> wrote:

Chris: I ill not be going to Dallas as I fully expect my mom will die today or tomorrow. We are still pursuing Eastgate - however it all boils down to money and the property developers ability to prepare the site in a way that makes sense for all concerned. We'll see what he can do and what funding is available. Frank

From: Cotterill, Chris

Sent: Wednesday, February 02, 2011 12:06 PM

To: Straub, Frank G.

Subject: EOC

Frank,

Mayor concerned about EOC not being at Eastgate. Perhaps during the trip to Texas you and he can talk a bit about this? He and Merritt still very much want it at first proposed site. If it would be helpful, I can assist you/your team in getting a commercial real estate person to see if they can push—I offer that not knowing most of what efforts have transpired to date. In any event, I just want to make sure that if another site must be selected, the Mayor and Merritt are on the same page with you. Let me know how I can help you on this.

Hope all is well. I hope you and your team feel good about the tough work you've all had to do this week.

Thx,

Chris

From: Straub, Frank G.

Sent: Friday, February 04, 2011 11:32 AM

To: Mayes, Jonathan

Cc: Straub, Frank G.; Requiz, Carolin; Michalak, Thomas J.; Coons, Gary

Subject: Re: Update on real estate projects

Jon: our highest priorities are - EOC, East and Downtown District moves. As for the consolidated DPS facility - we must accomplish three things to move it forward:

- reduce costs and real estate foot print
- improve operating efficiency
- ensure security of the facility and personnel employed there.

Additionally, for whatever reason Eastgate is still being kept in play by the Mayor's office.

We need to resolve the EOC issue with much haste - we are now falling way behind schedule. If we don't have the issue resolved by the end of next week I am going to make a decision to kill the project. We will then either stay where we are and enhance existing capability or to move to Earsal's property or another facility.

I do not anticipate federal funding in the immediate future - so we are left with few alternatives. The City can certainly commit funding, however beyond useless rhetoric they have been absent from meaningful discussions. My sense is public safety is no longer job 1.

Frank

Sent from my iPad

From:

Mayes, Jonathan

Sent:

Tuesday, February 08, 2011 9:40 PM

To:

Coons, Gary

Subject:

Re:

Killed it, but have some really good financing ideas for 8115. Gonna have a 2 hour follow up on Friday.

---- Original Message -----

From: Coons, Gary

Sent: Tuesday, February 08, 2011 09:36 PM

To: Mayes, Jonathan

How did your meeting go on Eastgate?

I think we are moving forward great on the other

Gary Coons

Chief

Homeland Security

City of Indianapolis

Sent from my iPad

From: Coons, Gary

Sent: Wednesday, February 09, 2011 10:10 AM

To: Lion, Kristin

Subject: Re: New EOC

Just FYI: I sent Jon an email that I could barley move this am from a back injury. It is starting to loosen up, but still down.

We are working on construction drawings right now. The goal is the build out to start April and move in July per owner. It is very political right now, due to Eastgate. The place we are working on construction drawingsz is still on the eastside.

---- Original Message ----

From: Lion, Kristin

Sent: Wednesday, February 09, 2011 09:50 AM

To: Coons, Gary Subject: New EOC

Gary,

Twice this week I've been asked for a status on the EOC move (from OFM at the Monday meeting and today from the UASI Executive Committee). Is there an update?

Thanks,

Kristin

Kristin Lion
Deputy Administrator
Division of Homeland Security

Director,

I know that your team is looking at that second site for the EOC, is there a sense that Eastgate is still the preferred location as discussed earlier, or is everything still contingent on funding?

Thanks, Ben

Benjamin Hunter

Councilor, District 21 Chairman, Public Safety Committee Indianapolis City-County Council 200 E. Washington Street Indianapolis, IN 46204 Straub, Frank G.

Sent: To: Friday, February 11, 2011 2:59 PM

Subject:

Hunter, Benjamin Re: Eastgate

Please hold this for now - I don't want another false start. We should decide by the end of next week.

From: Benjamin Hunter [mailto:bdhunter@sbcqlobal.net]

Sent: Friday, February 11, 2011 02:55 PM

To: Straub, Frank G. Cc: Requiz, Carolin Subject: Re: Eastgate

Ok thanks. Is this something I can share with constituents on the funding gap and exclusion of Eastgate? I have no issue with the decision, but I am getting hit with a lot of questions at meetings and just want the correct talking points. Senator Merritt has also called me on the issue as well. I don't want to place you in a vacuum of the issue.

Benjamin Hunter

Councilor, District 21 Chairman, Public Safety Committee

From: Straub, Frank G. < Frank. Straub@indy.gov>

Subject: Re: Eastgate

To: "Hunter, Benjamin" < bdhunter@sbcglobal.net>

Cc: "Requiz, Carolin" < <u>Carolin.Requiz@indy.gov</u>>

Date: Friday, February 11, 2011, 2:46 PM

Ben: As we have discussed ad nauseum - it is a funding issue. There is no way to may this can move forward under the current fiscal arrangement as it would result in a significant shortfall (million dollar plus) in our character 3. This shortfall will require a minimum of a million dollars every year going forward. In this economic climate I don't think the project is feasible. We are actively pursuing a alternate in your district on east washington st where the traffic court moved. Frank

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From:

Mayes, Jonathan

Sent:

Thursday, February 17, 2011 6:06 PM

To:

Coons, Gary

Subject:

EOC

Follow Up Flag: Flag Status:

Follow up Completed

My understanding is once we have the EOC/JOC open at 8115, we're moving everything from State Street there, closing our operations at State Street down on July 1, and ending our lease there. Is that your understanding as well?

JM

Jon Mayes
Deputy Director and Special Counsel
Office of the Director, Frank G. Straub, Ph.D.
Department of Public Safety
City of Indianapolis
200 E. Washington Street, Suite E220
Indianapolis, IN 46204
Office: 317-327-5189

Office: 317-327-5189 Fax: 317-327-3446

Jonathan.Mayes@indy.gov

Police - Fire - Homeland Security - Animal Care and Control

From: Chris Carmen <ccarmen@centreproperties.net>

Sent: Friday, March 04, 2011 7:57 AM

To: Mayes, Jonathan

Subject: RE: Mtg

Jon,

I had hoped the misunderstanding regarding a rent of \$3.50 per square foot, including utilities, was already addressed. Jon, I'd like to share with you why this is impossible: A rough estimate of interior utilities is \$1.50 per square foot. Deducting the utility cost from \$3.50 per square foot that you thought we quoted would put the net rent at \$2.00 per square foot, which is well below our mortgage cost. Needless to say, this simply doesn't work.

With that said, we've spent a lot of time and energy trying to deliver a product that will meet the City's needs, based both on timing and economics, and are committed to make this project happen at East Washington Centre.

I will free my calendar to meet with you anytime that will make sense for you. I suggest we meet in the afternoon after my conference call with Craig and Jim.

Chris

Christopher U. Carmen

CENTRE Properties

9333 N. Meridian Street | Suite 275 | Indianapolis, IN 46260
O: 317.816.4646 ext.22 | C: 317.727.3220 | F: 317.816.4656 www.CentreProperties.net P Please consider the environment before printing this e-mail

----Original Message-----

From: Mayes, Jonathan [mailto:Jonathan.Mayes@indy.gov]

Sent: Thursday, March 03, 2011 4:41 PM

To: Chris Carmen Subject: RE: Mtg

Chris,

The City shares your nerves. As I mentioned last week in my meeting with you, Centre Properties' departure from the initial \$3.50/sq. ft. estimates for base rent and utilities has caused us to explore other alternatives. This deal between the City and Centre Properties is in no way a "done deal." I suggest you postpone incurring these costs until we lock something down, as the City will not be signing an indemnification agreement until we have a better picture of what the lease rate will be.

Let's talk tomorrow. What is your availability?

Jon

On Mar 19, 2011, at 2:59 PM, "Coons, Gary" < Gary. Coons@indy.gov> wrote:

I think Alex, got word and came back better. Plus, Alex is welling to accept our financing.

I hope the Mayor will be welling to help budget wise after 2012. We will have to make big cuts in public safety budgets for sustaining.

From: Jim Merritt [mailto:jmerritt31@yahoo.com]

Sent: Saturday, March 19, 2011 02:56 PM

To: Coons, Gary

Subject: Re: document

What happen to the target area on wash?

Jim Merritt

On Mar 19, 2011, at 2:51 PM, "Coons, Gary" < Gary. Coons@indy.gov > wrote:

Nope, they are starting work monday

From: Jim Merritt [mailto:jmerritt31@yahoo.com]

Sent: Saturday, March 19, 2011 02:45 PM

To: Coons, Gary

Subject: Re: document

Are you teasing me?

Jim Merritt

From:

Straub, Frank G.

Sent:

Tuesday, April 12, 2011 6:59 PM

To:

Coons, Gary

Subject:

Re:

Wow - that is ridiculous

---- Original Message ----

From: Coons, Gary

Sent: Tuesday, April 12, 2011 06:57 PM

To: Straub, Frank G.; Requiz, Carolin

Subject:

I am sure Jon told you, They tabled it due to lack of information specific to the lease. Killed us particulars to the lease.

From: Jackie Nytes [mailto:jackie@jackienytes.com]

Sent: Thursday, April 21, 2011 11:50 PM

To: Greg Bredenkamp; Pfisterer, Marilyn; susieday20@yahoo.com; Lewis, Maggie; barbara_malone@sbcglobal.net;

Nytes, Jackie; Sanders, Joanne

Cc: Tabard, Sharon K.; Spalding, Jeff; Cochran, John

Subject: RE: Public Safety at Eastgate

Gentlemen,

I can assure you that everyone one involved in vetting this project wants to see your neighborhood improve just as we want to see many other neighborhoods improved. And believe me, I can name a dozen other neighborhoods who are convinced, as you mention, that the city has given up on them. Everyone wants the government to restore what the marketplace and populations trends have taken away. The eastside does not have the corner on economic decline.... I am all for getting something done with the old Mall. Just as I would like to tackle Lafayette Sq. Mall and a number of othe now forlorn formerly vibrant retail districts. But that misses the point to be frank with you

Please understand that at the Committee Hearing NO ONE explained to us how this lease was structured, how it would be funded, the fact that it is \$1.2 million a year for the first ten years and \$1.7 a year after that, (I learned that later through my own research) how many people would be assigned to the significant amount of space here, what other leases we could give up if we are adding this much space, how the funds are secured if the federal governments stops dishing out money for Homeland Security the way they are right now, who pays and what are the projected operating costs for the space, where it is in the budget to begin with, and on and on.

What we got was a glossy, theoretical gameplan for the coolest, most up to date, state of the art, and sophisticated public safety candy store I had every heard of. I believe it is so cool it would be capable of solving poverty, crime, and bubonic plague all in one swipe!

We were just expected to rubber stamp the thing because it related to Public Safety! Please understand that I too serve neighborhoods who have known challenges and I believe that we do not reduce crime by creating operations headquarters!

We have police and fire raises to pay for over the next four years of their contract., I don't know where that money is coming from yet so I surely don't know where this money is coming from. And it has been ten days since the hearing and NO one has provided me with any information yet!

Jackie Nytes

City County Councillor, District 9 317-370-6184 Cell

Home Address: 3444 Washington Blvd. Indianapolis, IN 46205 From: Spalding, Jeff

Sent: Friday, April 22, 2011 10:37 AM

To: Straub, Frank G.

Cc: Mayes, Jonathan; Michalak, Thomas J.; Cochran, John

Subject: FW: Public Safety at Eastgate

Frank –

I didn't see you name on the distribution for the message below. It is clear that Councillor Nytes is expecting more fiscal projection info. I'd like to see it too. I can help Tom with revenue assumptions...though I'll admit that revenue visibility around here is poor.

Jeffrey L. Spalding

Controller, Consolidated City of Indianapolis, Marion County
Office of Mayor Greg Ballard – City of Indianapolis

From:

Spalding, Jeff

Sent:

Friday, April 22, 2011 3:11 PM

To:

Michalak, Thomas J.; Straub, Frank G.

Cc:

Keen, Julie; Berg, Brian D.

Subject:

RE: Public Safety at Eastgate

Tom -

A quick overview on IMPD revenues. The two largest sources for IMPD \$195M annual <u>operating</u> budget are: 1) local option income tax (roughly \$105M annually as mix of COIT, PST, and Levy Freeze LOIT); and 2) property taxes (roughly \$40M annually as IMPD General Fund levy + transfer from Consolidated County General Fund).

In addition, IMPD General gets about \$3.5M annually from an array of other taxes (Vehicle License Excise Tax, Financial Institutions Tax, Commercial Vehicle Excise Tax).

Also in 2011 IMPD General gets: \$6.5M from the County Rainy Day Fund; \$3.8M from the Parking Meter: \$5.4M from Wastewater PILOT Fund.

Most of the remainder is State & Federal grants.

So the matter of projecting future IMPD revenues breaks down to assessing the look for the most significant of these revenue streams. So here's a quick synopsis of what I see for each:

Local Option Income Tax - Essentially flat through 2015.

Property Tax - Maybe 2.5% annual growth.

Property tax levy growth is capped at the rate of growth in Statewide personal income (calculated as a 6 year rolling average). Current projections are that this levy growth limit will be approx 2.5% annually for the next several years. However, projecting levy growth is further complicated by the 1%-2%-3% property tax caps. These caps generate a property tax loss that is difficult to predict, due in large part to the fact that the loss is a function of the cumulative effect of the property levy decisions of all units of government in the county (e.g. city, county, schools, townships, excluded cities). Changes in this "cap loss" over time will impact our net property tax collections over time. If the "cap loss" gets bigger, then our net property tax collections won't grow at 2.5%. Conversely if the "cap loss" smaller then, we might do better than 2.5% growth in net property tax collections. Because these caps are relatively new, looking at past property revenue growth rates is essentially useless in projecting future growth rates.

County Rainy Day Fund - Additional assistance in 2012 and beyond is unlikely or significantly reduced, at best.

Parking Meter Fund - Additional assistance in 2012 and beyond is unlikely.

Continuation of \$3.8M transfer to IMPD is impossible. The 2011 budget used a balance that had built up in this fund over time to support IMPD. Projected net revenue to the Parking Meter Fund over the next few years is \$1.0M - \$1.5M annually. However, there is no guarantee that these \$ can continue to be used to support IMPD.

Wastewater PILOT Fund - Unknown

I still need to do more research on this funding. At present, it is unclear to me how the sale of the wastewater treatment assets to the Citizens' Energy Group (CEG) will impact the future availability of monies in the Wastewater PILOT Fund to support IMPD. What I do know is that CEG will continue to make PILOT payments. What I don't know is precisely how these \$ have been committed going forward.

Federal Grant Funds - Unknown, but negative outlook.

Given the current state of the federal deficit, it's hard to imagine a scenario under which there will be substantial growth in federal assistance to local law enforcement. That said, Homeland Security is certainly best positioned to maintain its present level federal support.

Not many Councillors truly understand the "funding box" that municipal government is operating within, but J. Nytes certainly does. Does the possibility exist that some paradigm shifting change will happen over the next decade to alter current trajectory of local government revenues in Indiana generally or Marion County specifically? Sure! But we can't plan on it.

From:

Spalding, Jeff

Sent:

Friday, April 22, 2011 4:09 PM

To:

Keen, Julie

Subject:

RE: Public Safety at Eastgate

I made a conscious choice to not explicitly cite the COIT error. However, I did exclude that \$7M it in my calculation of the \$105M from local income taxes.

Since I was considering my audience beyond Tom, I decided that the \$7M error added complexity to the discussion that might obscure other important facts. I figured the story was sufficiently bleak!

Jeffrey L. Spalding

Controller, Consolidated City of Indianapolis, Marion County Office of Mayor Greg Ballard – City of Indianapolis

From: Keen, Julie

Sent: Friday, April 22, 2011 3:44 PM

To: Spalding, Jeff

Subject: RE: Public Safety at Eastgate

Great synopsis. I further thought: what's not addressed is the \$7M revenue reduction from the DLGF. If those funds are not hidden somewhere in the county, this makes the picture bleaker.

I asked Brian to run some scenarios that (1) held revenues for the IMPD's fund flat and (2) assumed IMPD General's budget in 2012 was 95% of 2011 and (3) assumed the DLGF budget reduction in 2011 was executed. I then asked him where the fund balance would be at the end of 2012 if (1)no further reductions were made this but another 5% reserve was made in 2012. Answer: still negative fund balance at the end of 2012; (2) 5% revere in 2011 only. Answer: still negative fund balance at the end of 2012. (3) full 5% this year and next. Answer: thin positive at the end of 2012. Again, all of that assumed revenues were flat.

Julie

From: Straub, Frank G.

Sent: Friday, April 22, 2011 05:41 PM

To: Coons, Gary **Cc**: Requiz, Carolin

Subject: Re: Public Safety at Eastgate

Gary:

We have a plan that we are finalizing this evening regarding Eastgate. We have reduced our space from the original 210,000 to approximately 78,000 sq ft. The EOC/ROC will remain unchanged. We will move East District to the south end of the building.

As we go forward we will look at options to acquire additional space and/or explore other options regarding our special operation components.

Please let me know if this causes any issues for you and your operations.

Thanks,

Frank

Sent from my iPad

From:

Spalding, Jeff

Sent:

Monday, April 25, 2011 6:12 PM

To:

Michalak, Thomas J.; Straub, Frank G.

Cc:

Keen, Julie; Berg, Brian D.

Subject:

Re: Public Safety at Eastgate

Tom -

One more thought regarding ROC affordability.

Remember, the FOP contract calls for a 3% salary increase in 2013 (assuming revenue growth resumes). So even if the revenue picture is substantially better in 2013 (which is uncertain), you'll have to deal with that cost increase while trying to absorb \$500K of incremental costs for the ROC. This all on top of finding \$ to replace the \$6.5M RDF infusion.

Thus, I think you need to be reducing to writing the ideas for how the gap is to be closed. OFM will provide whatever help or guidance it can.

Jeff Spalding Controller, Indpls/Marion Co. sent via Blackberry

DIVISION OF HOMELAND SECURITY DEPARTMENT OF PUBLIC SAFETY CITY OF INDIANAPOLIS

SCHEDULE OF ESTIMATED ADDITIONAL SUSTAINMENT COSTS (REGIONAL OPERATIONS CENTER "THE ROC") 25 YEAR LEVEL LEASE PAYMENTS

<u>Line Item:</u> Facilities:	2011	2012	2013 - 2022	2023 - 2032
Lease payments on the ROC Allowance for maintenance Allowance for utilities (\$1.50/sq. ft.) Total Facilities	\$0 9,500 28,500 38,000	\$0 57,000 114,000 171,000	\$685,000 95,000 114,000 894,000	\$760,000 114,000 114,000 988,000
Moving	40,000	30,000		
Total Additional Estimated Sustainment Costs Less:	78,000	201,000	894,000	988,000
Current space to be vacated Utilities at current space to be vacated Sub-totals	(54,200) (10,900) (65,100)	(287,300) (70,700) (358,000)	(298,300) (77,300) (375,600)	(298,300) (77,300) (375,600)
Total Net Additional Estimated Sustainment Costs	\$12,900	(\$157,000)	\$518,400	\$612,400

(PRELMINARY DRAFT, FOR REVIEW AND DISCUSSION)
(SUBJECT TO CHANGE)

DIVISION OF HOMELAND SECURITY DEPARTMENT OF PUBLIC SAFETY CITY OF INDIANAPOLIS

SCHEDULE OF ESTIMATED PROJECT COSTS AND FUNDING (REGIONAL OPERATIONS CENTER "THE ROC")

ESTIMATED PROJECT COSTS:

Construction costs: Hard costs Construction Contingencles Sub-total	\$3,627,400 401,200 4,028,600
Non-construction costs: Land costs Project development Project management Interest during construction Costs of issuance Non-construction contingencies Sub-total	3,300,000 175,300 89,000 750,000 249,500 50,600 4,614,400
Total Estimated Project Costs	\$8,643,000
ESTIMATED PROJECT FUNDING:	
Credit Tenant Lease Proceeds	\$8,643,000
Total Estimated Project Financing	\$8,643,000

Bond Type Lease Summary

- · Considered a "hell or high water" lease.
- Tenant is obligated to pay rent under all circumstances.
- · Tenant does not have any lease termination rights, such as condemnation and casualty.
- Tenant does not have the ability to abate or offset rent.
- Tenant is responsible for all obligations under the lease. The landlord is passive and is only collecting the rent.



From:

Coons, Gary

Sent:

Friday, May 20, 2011 3:03 PM

To:

Tabard, Sharon K.

Subject:

Re: FW: EastGate Update Meeting

Not necessarily, but does affect its abilities and what will be done. Little too early to tell. Tell them to contact Lugar and their representative to fight to restore funding for Indianapolis. Places like Cleveland, St. Louis, and Cincinnati did receive funding.

From: Tabard, Sharon K.

Sent: Friday, May 20, 2011 02:51 PM

To: Coons, Gary

Subject: FW: FW: EastGate Update Meeting

I received this from a resident and didn't know the answer? Will it affect the Eastgate project?

Thanks

From: sweetcaroline11@juno.com [mailto:sweetcaroline11@juno.com]

Sent: Fri 5/20/2011 10:48 AM

To: Tabard, Sharon K.

Subject: Re: FW: EastGate Update Meeting

Hey Sharon--- Does the loss of Federal Grant money for Homeland Security (as mentioned in today's paper) affect the Eastgate project?

Had an inquiry from an Irvington friend when I sent her the meeting notice.

Caroline Feldman

. \$9,616,000.00

Total

Less: Charges/Disbursements	\$1,400,000.00
Mortgage Payoff to M&I Marshall & Usley Bank	\$10,533.50
Title Insurance to Chicago Title Insurance Company	\$3,200 00
Endorsement	\$7,108 50
Basic Owner	\$225 00
Simultaneous Loan	\$10.00
TIEFF to Chicago Title Insurance Company	\$790.00
Search/Exam to Chicago Title Insurance Company	\$600.00
Closing Fee to Chicago Title Insurance Company	\$25.00
Courier/Policy Fee to Chicago Title Insurance Company	\$250.00
Recording Fees to Chicago Title Insurance Company	\$5.00
Disclosure Filing Fee to Marion County Auditor	\$40.00
Recording Service Fee to Indiana Search Technologies, LLC	\$93,240.00
Loan Fee to Peacook Financial, Inc.	\$95,000.00
Lease Fee to Peacock Financial, Inc.	\$5,200.00
Appraisal to Integra Realty Resources	\$2,750 00
Phase I Environmental Assessment to Alt & Witzig Consulting Services	22,750 00
Phase II Environmental Assessment to Alt & Witzig Consulting	\$3,320.68
Services	\$110,000.00
Engineering to Hoffman Building & Design, Inc.	\$70,000.00
Real Estate Commission to Land Ventures	\$4,710.00
Surveying to Major Engineering & Land Surveying, Inc	\$2,950.00
Project Review to First Construction Consulting	\$1,100,000.00
Base Lease Price Payment to 401-Public Safety LLC	\$33,236.00
Contractor Expenses to Lifeline Construction Services, LLC	\$16,854.00
Legal Fees to Beckman Lawson	\$277,000.00
Payment to William Blair & Company	\$50,000.00
Land Fees to Mayer Brown, LLP	\$9,683.33
Trustee Fees to Wells Fargo Bank Northwest, N.A. as Trustee	\$4,000.00
Inspection/NAIC Filing Fees to William Blair & Company	34,000.00
Interim Interest Reserve to Wells Fargo Bank Northwest, N.A. as	#27.1 02.6 FB
Tracted	\$711,936.59
Construction Escrow to Wells Fargo Bank Northwest, N.A. as Trustee	\$5,613,865 90
Wolfman was a service of the service	mp 616 000 00
Total Charges/Disbursements	\$9,616,000.00
Net Amount Due to Borrower	20.00

Borrower understands the Closing or Eserow Agent has assembled this information representing the transaction from the best information available from other sources and cannot guarantee the accuracy thereof. The lender involved may be furnished a copy of this statement

Printed at: 06/23/2011 (02:09 pm)

Indianapolis

Compliments of Chicago Title Insurance Company-

LEASE/LOAN PAYMENTS

City's Total Lease Payments During Lease Term	\$18,249,999
Total Loan Payments During Lease Term	\$16,881,066
Difference	\$1,368,933

From: robert zickler < Rlzickler@gmail.com>

Sent: Saturday, October 15, 2011 2:05 PM

To: Baun, Bruce G.; Coons, Gary; Michalak, Thomas J.

Subject: Eastgate saga flows along

Just to keep you in loop -- there will more of these kinds of observations to field given the nature of the project and the overall issues of "defined" project specifications. Bruce has pointed out several times that Alex owns the building, owns the architect, owns the contractors and controls the money -- not a good position to be in when issues such as this, or scheduling, or construction plans arise. Bruce has got an eye on issues like this so far, and is doing an excellent job of mitigating some problems. Our best information is coming from people working on the project through direct conversations.

SUPER BOWL

- Question to Allison Melangton: Did the Super Bowl XVI contract contain any specific requirements for an emergency operations center or the components of such a center?
- Allison's Answer: What the host committee assured the NFL is that we would provide a safe environment...The agencies then decided what was necessary to make sure that people were safe. So on your question, did it require an emergency operation center, it was not required in those specific words, but it was assured that we would have infrastructure in place to make sure people were safe.